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HOW
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CAN SHAPE THE
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HOW
ASIA
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FROM THE
ERA OF PLENTY
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ERA OF
SCARCITIES

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CONTENTS

<i>Foreword</i>	vii
<i>Preface and Acknowledgements</i>	xi
1. THE FUTURE WORLDVIEW	1
The Outgoing World View	2
The Current Economic Model	7
Political Systems Under Pressure	33
Asia as a Trendsetter	53
2. FUTURE FORECASTING	105
Change, Asia Certainly Will	105
Demography	113
Technology	117
Wisdom of the Crowd	126
The Triumvirate of Moral Values, Mutual Trust, and Social Capital	130
Governance	139
Conceptualize Change	153
3. THE ASSETS	162
Economic Integration	163
Technology and Knowledge	173
Savings	196
Multinational Companies	200

Chindia	214
Private Consumption	219
4. ACES OR DUDS	242
Education and the Economy	244
Creativity	279
Social Capital	287
Gender	298
Megacities/Megaregions	301
5. BARRIERS TO GROWTH	328
Demographics	329
Inequality/Urbanization	345
Scarcities	350
6. THREATS	400
Threats to the Well Functioning of Society	401
Threats to and from Globalization	408
Failed Nation States	416
Cyberwarfare	419
Warfare in Space	423
Conventional Foreign and Security Policy Threats	424
The New Frame for Conflict	456
7. INTERACTION	470
The Four Triumvirates	470
Interaction among the Four Triumvirates: The Wheel or the Trap	483
Indicators	487
Main Factors Influencing the Interaction: Flywheels for	
Taking Policy Decisions	489
Asia in the Global Economy	496
APPENDICES	
Appendix 1: Perceptions of Asia and Its Future from 1945 to 2008	507
Appendix 2: Wild Cards	520
<i>Index</i>	525

FOREWORD

Professor Jørgen Møller has for years given us his trenchant thoughts on the rise of new Europe after two disastrous wars in the twentieth century. I have had the privilege of spending many hours in conversation with him, listening to his critical examination of the current travails of both Europe and the United States. He also demonstrated a keen knowledge of the troubled experiences of Asian modernization. His deep concern that there should be better understanding in the West of what is happening in Asia has often encouraged me to think afresh about what we in Asia often take for granted. At one end, those who accept the Western model of growth as inevitable, also invariably believe we must get even closer to the West and absorb all its secrets. At the other, those who are determined to go beyond that model would ask us to think, wherever possible, out of the Western box in search of some Asian way. And, in between, there are those who have begun to doubt that there is any such thing as Asian and Western today as we take in each other's washing in this small and shrinking world.

In his new book, Professor Møller depicts the nature of politics in its many dimensions, sometimes bombastic, lofty, totalistic and awesome, but, at its core, he also shows that it is all too often petty and local. He ought to know, having worked as one of his country's most senior public servants during decades of European political turmoil. He is no less objective in his assessment of his own field of expertise, that of economics. He knows that economists can often sound like housewives counting pennies and keeping good accounts, but he also demonstrates that economic ideas and policies have the capacity to make or break nations and civilizations. There is little doubt that the cumulative power of nation states and their empires and various models

of rapid economic growth have, over the past 200 years, transformed every corner of the world. The rising rate of technological and material progress, and the obsession to better that rate, has dominated global discourse for so long that, now and then, this has driven poets and philosophers to wonder about the future of social cohesion and shared cultural values. I am fascinated by the way Professor Møller also wonders about that future. Indeed, many do ask if the advocates of sustainable growth and global environmental protection can really rid us of the prospect of an unending surfeit of worldly goods, cycles of economic stagnation, and relentless cultural destruction.

Professor Møller hesitates to make any forecasts, but raises similar concerns about the future world of scarce resources and suggests that group values will replace the traditions that give primacy to the individual. He has shown in his earlier writings to be a most versatile economist who can pick through the politics of high rhetoric and weave the threads of private finance into explanations of profound global change. In this book, he has drawn on his wide experience of the world of *realpolitik* and economic realism in European history to peer into Asia's future. By asking how Asia can shape the world, he examines the major changes of the past two decades with probing intensity. Clearly, the modern Western model has intervened at all levels of Asian political and economic development with considerable success. The most far-reaching changes in the realms of industrialization and urbanization have fundamentally changed everybody's lives, and societies and cultures that were once dominant have been systematically undermined. Now, as globalization becomes a great challenge to the whole world, what resources can Asia contribute to help the world respond?

He invites us to follow him on an exploratory and sometimes rollercoaster ride to survey Asia's uncertain but not necessarily unpredictable future. He has combed a large variety of sources to prepare a guide for the journey, warning at each step of the way that the forecasts attempted might well be sidetracked by new variables not taken into account.

This book does not allow simple answers. Professor Møller examines every effort at forecasting and each projection that has attracted attention, and subjects them to meticulous scrutiny. He persists in asking, what assets do the Asian growth centres have? What kinds of heritage have been helpful and what are likely to obstruct future development? Have they borrowed wisely from the industrialized pioneers of Europe and the United States? Are they ready to adapt, innovate, and experiment with the knowledge and skills that they have so far acquired? Have Asians educated their younger generations to build the inner strengths that will overcome current limits and reach out for zones yet to be discovered? Professor Møller has identified the achievements

in various parts of Asia and does not hesitate to point to their potential as well their vulnerabilities. The overriding question is whether any Asian state that has chosen modernity can avoid taking its peoples through what the Western modern states have been through. As Europe has shown, modernity demands its pound of flesh and may be seen as a universal condition with a powerful appetite, one that all who want to have comparable standards of modernity would have to learn to satisfy.

Professor Møller surveys a variety of threats to orderly development and the best-laid plans. Some are conventional and others are new. He then suggests how Asia might deal with the evolving framework in which conflicts of an age of yet undetermined strategic changes might take place. He ends with an original final chapter on how the forces faced by the Asian states and societies could interact with each other in the years to come. On several planes, he sets out the geometry of these external pressures that call for very close reading. I am confident that, at his most persuasive, his questions will induce thinkers and planners in Asia to take careful note of what he has outlined.

Wang Gungwu
Chairman, East Asian Institute
National University of Singapore
4 July 2010

PREFACE AND ACKNOWLEDGEMENTS

The future of Asia is like a magnet for politicians, scholars, and business people. All are fascinated by the continent obviously entering a crucial phase of its development, shaping not only its own future, but also determining the socio-economic global framework for decades even centuries to come. Around 500 years ago the pendulum started to swing from Asia to Europe and since then “the West” has dominated the world. This is coming to an end. It looks likely that a number of converging influences will gradually put Asia in the driver’s seat. It remains to be seen whether Asia is ready and willing to respond and if so what kind of socio-economic model will emerge, whether it can solve Asia’s many problems and at the same time constitute a framework for stable future development that may even be attractive for the rest of the world as the Western model was for centuries. There are no easy answers to these questions and when we seem to have found some, other questions arise.

As the reader will discover, my first inclination is to analyse and look at events from the perspective of an economist. There are many brands of economics; I belong to the Keynesian School. The weaknesses of economic analysis have been exposed over a number of years — not only recently and to a degree that it is questionable whether it can be classified as a science after all. This has opened the door for interdisciplinary analyses; which is what I have tried to put forward in my work, weaving many threads together. Interdisciplinary analysis is not new. In an Asian context *inter alia* the great socio-economist Gunnar Myrdal published *Asian Drama* in 1968.

My ambition is, however, to go somewhat further by including aspects beyond the social sciences, which, as I see it, makes the work fascinating, but also runs the risk of conveying the impression of superficiality. But you cannot have it both ways.

The common denominator for the book may be the emphasis of groups, working together, sharing knowledge, and grappling with the new phenomenon of burden sharing inside group frameworks. Burden sharing — either absolute or relative — becomes necessary as the world moves from two hundred years of plenty (the era of plenty) to the age of scarcities. The many new ideas of social coherence, social capital, and whatever they are called illuminate the swing in economic behaviour from focusing upon the individual to group work. To my mind this will change economic theory. Economics in the mould of Adam Smith, David Ricardo, and the other classics may no longer maintain a conceptual monopoly. They were right at their time of writing, but conditions for economic activity have changed completely and nowadays the basis for their analysis seems to me wrong. The world is going to see a new kind of economics emerge to frame future development and the message from this book is that it is likely to happen in Asia influenced by ancient Asian religions and/or philosophies. This is my starting point and I venture out from there to posit ideas about how these new conditions will look, knowing very well how dangerous such an enterprise is and how thin the ice sometimes may be.

From that basis the book goes on to discuss what future forecasting is and how it looks in an Asian perspective at the end of the first decade of the twenty-first century. Change, Asia certainly will. And changes may fall into three groups: elements that unquestionably facilitate economic growth, elements that may do so or be an obstacle depending upon how politicians tackle the issues, and elements which presumably will work against growth.

Asia needs economic growth to tackle its many challenges and problems, but the transfer of the Western style economic model based upon mass consumption will lead to a disaster that may jeopardize the future of globalization, not only in Asia but worldwide.

Writing such a book as a European is certainly a challenge, but I have enjoyed it. The main problem is that the writer to a large extent has to rely on Western sources or Asian sources translated into English or for that sake French or German. A large amount of Asian literature available only in Asian languages is out of reach. This impoverishes the book, but as I do not read Asian languages I have had to live with that constraint and so must the reader, but there is no reason to hide that the book is influenced by this limitation

— regrettably so. It strikes me, which I have often heard but never felt, how strong an influence the Anglo-Saxon world view exercises upon the rest of the world through this de facto control of much intellectual thinking. I do not criticize or voice any other kind of discontent — it is what it is — but signal this side effect. In itself it is one more reason to look upon how Asia will develop over the next twenty-five years.

My luck has been to work at the Institute of Southeast Asian Studies in Singapore (ISEAS) while at the same time teaching at Singapore Management University (SMU) and being Chairman of the advisory board to the Asia Research Center, Copenhagen Business School. This of course opens a window to the mindset of people living in Asia even if it cannot substitute for knowing Asian languages.

My first debt of gratitude goes to ISEAS and its Director, Ambassador K. Kesavapany, who from the first moment took an active interest in the project and encouraged me along the whole process. His support has been invaluable. I am also grateful for many talks with the Chairman of ISEAS, Professor Wang Gungwu that broadened my horizon and gave much inspiration. Inside the institute Arun Bala took an interest in my project and served over many meetings as a kind of sparring partner and thus helped convince me that such a book would actually be of interest. Many other colleagues offered help, assistance, and comments.

I am grateful to Professor Wang Gungwu, Chairman, East Asian Institute, National University of Singapore for having taken upon himself the task of writing the foreword pinpointing the main elements of my analysis.

A large number of friends took upon themselves the tedious task of reading all or part of the book. Louis-Francois Pau agreed to go through the text with a fine-toothed comb rescuing me from many embarrassing mistakes plus unsubstantiated statements and not the least added substance to many “loose” views. His contribution cannot be overestimated, nor can his wisdom and knowledge. Terence Chong, Aaron Maniam, Hans Peter Jensen, Pang Eng Fong, Yeo Lay Hwee, Asad-ul Iqbal Latif, and Lars Juhl Frandsen all read the text and provided feedback. S. Gopinathan and John Petersen kindly agreed to participate in a seminar organized by ISEAS to set out the main lines of the book project and S. Gopinathan helped me with the chapter on education as did Jørn Skovgaard. Daniel Saddhu gave advice about sources for outsourcing, Michael Yap helped me with the section about religions and philosophies, Jack Knetsch about some aspects concerning economic theory, Peter Newman about megacities, Ken Wye Saw about ICT, Ove Kaj Pedersen about democracy, and Zhen Yong Nian about certain aspects of social services

in China. Nguyen Tho Hieu helped me to overcome IT difficulties. They all vastly improved the text and what is left of mistakes or omissions is wholly my sole responsibility.

Many other persons, knowingly or unknowingly, have helped me to form the ideas put into the book. My experience is that ideas are born as a result of interaction with other people and very rarely if at all in an isolated framework. In my own way I believe in “wisdom of the crowd”. What other people say makes you respond or penetrates your brain and the words remain there for some time — a gestation period — after which they mature and emerge as a useful output. We may not always know or recognize the origins of our own thinking! In a way I feel myself as a spokesman for the many people who over the years have allocated time and effort to talk with me on subjects directly or indirectly touched upon in the book.

I do not claim “intellectual property rights” to much of the thinking, but perhaps the way I put it together may reflect some “new” thinking.

After much consideration I chose to put the conclusion as the first chapter. The reader in a hurry and only interested in the broad outline of what I term a new world view or a new model can stop there, but I hope the appetite grows sufficiently when reading to tempt the reader to find out how I came to these conclusions. The subsequent chapters present a large amount of statistical data and analyses about Asia, which many readers might find interesting and helpful. The price may be a slight degree of repetition, but I hope the reader will bear with that.

The book draws on observation over most of my life as a diplomat and academic, but the writing itself took place from late summer 2007 to autumn 2009. The manuscript was handed over to the publisher at the end of October 2009. Events or statistics after summer 2009 have accordingly not been taken into account.

My wife, Thanh Kieu Møller, has supported me with all her love. No man can ask for more.